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ECONOMIC AFFAIRS

No. 55



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NATIONAL ECONOMIC POLICY

PLANS FOR INDUSTRIAL, TRANSPORTATION DEVELOPMENT DISCUSSED

Beijing GONGREN RIBAO in Chinese 9 Feb 80 pp 1, 3

[GONGREN RIBAO correspondent report: "Continue To Implement the 'Eight-Point Charter' and Concentrate Our Efforts To Do a Good Job--Responsible Person of State Economic Commission Answers Questions Raised by Our Correspondent on How To Make Industrial and Transportation Production a Success"]

[Text] Outstanding achievements were won on the industry-transportation front throughout the country last year in conscientiously implementing the policy of readjustment, restructuring, consolidation and improvement; in launching an in-depth campaign to increase production and practice economy; and in making readjustments along with the progress of work. This is now the second year of readjustment for the national economy. What are the main tasks in industrial and transportation production? Which items of work should be stressed in order to fulfill the tasks for the current year? What will be expected from the broad masses of workers and staff members? Recently our correspondent interviewed a responsible person of the State Economic Commission and raised these and other questions. The gist of their conversation is given as follows:

Question: What are the main demands from the state on the industrial-transportation front?

Answer: In the current year, the industry-transportation front throughout the country will continue to implement the policy of readjustment, restructuring, consolidation and improvement, and step up its efforts in the campaign to increase production and practice economy. With unified views and guided by a unified plan and unified policy, we will march in step and attend to our work seriously. We have paid great attention to the implementation of this policy and strived to do even better in readjustment from the very beginning of this year, in order that production in industry and transportation will continue to develop. The fulfillment of these tasks has great significance in winning victory in the first battle for the realization of the four modernizations. We will conscientiously implement the directives of the Party Central Committee and the State Council, firmly support party leadership, unswervingly carry out the political and ideological lines of the

Third Plenary Session of the 11th CCP Central Committee, consolidate and develop political stability and unity, give play to the pioneer spirit of hard working, and build up a contingent of cadres who firmly adhere to the socialist road and have technical knowledge. The very core of our work is to promote socialist modernization. We will carry on this work unswervingly, with complete devotion, and free from any interference.

Question: What are the main tasks for industrial-transportation production?

Answer: After discussions in the National Planning Conference, the main tasks set for industrial-transportation production are:

1. According to the policy on agriculture and heavy and light industries, we will actively plan the production of chemical fertilizers, pesticides and farm machines that are in demand in the market, and construction materials needed by the peasants; and provide good technical services in the strong support for agriculture.
2. To guarantee the priority of light and textile industrial production, we will mobilize all trades and professions to increase the production of items in demand in the market so that the rate of increase of light and textile industrial products will be higher than that of the entire industrial sector. We will strive to meet the needs of the greatly increased purchasing power in urban and rural areas and of export.
3. While striving for energy-saving by maintaining basically the same level of consumption of coal, petroleum and electricity, we will try to increase and speed up production through the practice of economy.
4. There will be a readjustment of the proportionate relationships among all trades and professions. The tunneling and stripping in coal and other mines, which have been in arrears, should be brought up-to-date. Prospecting for petroleum will receive great attention so that our oil deposit can be increased. Auxiliary equipment for the electric power industry should be improved; the ratio between felling and planting trees should be more rationally adjusted; and the steel-rolling capacity should be increased so as to produce more rolled steel and other items now in short supply. Specialized coordination should be organized in the machine building industry, with particular attention to the trial production of new products and the supply of better technical services. The transformation of railway trunk lines should be speeded up so as to improve traffic conditions in the "bottleneck" areas. The tapping of potentials and installation of auxiliary equipment in harbors should also be attended to carefully in order to increase harbor traffic. This and so forth.
5. The quality and varieties of products should receive foremost attention. According to the requirements of national construction, people's livelihood and foreign trade, there should be more varieties of higher quality so that all industrial products will be able to meet market demands in respect

of utility. Industrial production in the current year must be maintained at a steady rate.

Question: To fulfill the above-mentioned tasks, what items of work should be attended to in particular during the current year?

Answer: To fulfill the above tasks, we will stress the following 12 jobs:

1. According to the principle of "six priorities," we have to insure the rapid development of light and textile industries and endeavor to exceed the speed stipulated in the national plan.
2. While saving energy, we will insure the steady growth of industrial and transportation production. This year, we will continue the "energy month" activities, and all trades and professions have been urged to speedily work out their energy-saving plans to be practiced without delay. We must be able to reduce oil consumption by 10 percent, coal consumption by 5 percent and power consumption by 3 percent.
3. We will have to adopt vigorous measures to change the backwardness of mines as soon as possible.
4. In machine building industry, various measures should be adopted to create more avenues for production and to maintain its production at a certain level.
5. Transportation should be better organized along with the improvement of business management and technical innovation, so as to tap the potentials and strengthen this weak link in the communications-transportation system.
6. The tapping of potentials, renovation and transformation for old enterprises should be carried out selectively and in a planned way. The key points are: Energy-saving, priority of light, textile and handicraft industrial development, strengthening communications and transportation, improvement of quality of products, and increased production of items in short supply.
7. According to the "quality first" policy, we will continue the "quality month" activities and be prepared to fight big battles for the improvement of quality. We will make every effort to exercise all-round quality control and provide better supervision and inspection on the quality of products so as to gradually form a complete system of quality control.
8. We will continue to turn loss into profit and conduct an all-round checkup on assets. All industrial and transportation departments and enterprises should be more concerned with the increase of revenue and enforce strict financial and economic disciplines to insure national revenue.
9. We will continue to set up more trial spots for enlarged power of decision for the enterprises, so that their economic responsibility, business

results and economic benefits will all be integrated. Increased production will thus mean increased revenue.

10. We will further improve our work on the trial spots of industrial reorganization and the establishment of companies with the characteristics of enterprises.

11. To streamline the enterprises, we will continue to learn from Daqing in industry. Along with the shift of the focus of work for the whole party, the enterprises should be streamlined to meet the requirements of modernization. The production and management efficiency should be raised to insure greater economic benefits.

12. We will have to raise work efficiency and improve the work style of government offices.

Question: Please talk a little more about the measures you contemplate to accelerate the development of light, textile and handicraft industries.

Answer: The production of light, textile and handicraft industries has a close bearing on the whole industrial production and the overall national economy. All industrial departments in charge should take these industries seriously.

1. We have to implement the policy of "six priorities." We started to do this as soon as the current year began, and will continue to do it continually. We will particularly see to it that there is no dislocation in the supply of raw and semi-finished materials. We must protect light, textile and handicraft industries even though other requirements may have to be neglected.

2. We have to manage all funds and loans well. This year, the state provides fairly large allocations of funds for light and textile industries, so the question now is how to manage these funds to the best advantage so that they can produce maximum economic results. The principle behind the distribution and use of bank loans is: First, to achieve the "three results," namely, to help enterprises tap potentials and carry out renovation and transformation; to promote specialized coordination and industrial reorganization; and to encourage increase of production and practice of economy. Secondly, the "three avoids," namely, to avoid building any more "large and all-inclusive" or "small and all-inclusive" plants; to avoid blind development and overextension; and to avoid commitments to processing without considering the sources of raw and semi-finished materials, since these commitments may render the factories powerless to "feed" their machines. Thirdly, to follow the economic laws in working intensively, meticulously and practically. In granting loans, priority should be given to those units which spend less money, produce better results and have faster turnovers; and to those specialized companies of provinces, municipalities and autonomous regions.

3. We have to continue to popularize the experiences of combining planned regulation with market regulation and further promote light and textile

industries. With the scope of state planning, the enterprises can also arrange for their production according to the demands of the consumers and the market with regard to varieties and specifications. The departments in charge should not interfere with these activities or lower the prices unreasonably. All products intended for unified procurement and marketing or for placed orders should be procured by the commercial departments according to plan and contracts at the correct time, while the industrial departments should also deliver their goods according to plan, contracts and the specified quality and quantity norms. The products left unprocured by the commercial departments can be disposed of through direct contact between factory and retail stores, or through such measures as "retail store in the front and factory in the rear part of houses," exhibition stores, display windows, and exhibition meetings, or direct contact with the consumers, thus bringing about a direct link between supply and demand. Products sold by the industrial units themselves should strictly follow the state price policy and must not arbitrarily increase or decrease the prices. In areas or trades where conditions permit, "joint undertakings," compensatory trade, or processing of given materials can be organized, so as to link the raw material areas with the processing bases and to take better advantage of the superiority or specialty of each unit.

4. Production by enterprises of light and textile industries under the collective ownership system in urban areas should be well attended to. We should take advantage of their greater flexibility, higher adaptability and higher capacity for manpower--which means greater ability to provide employment--and strive to increase the production of daily necessities in both urban and rural areas. We must respect these enterprises' right to run their own affairs and cannot freely requisition their products, funds or materials. We must also be particularly careful in solving the problems of production, marketing, and supply of raw and semifinished materials for small commodities.

Question: What are your main tasks with regard to energy-saving this year?

Answer: There have been great achievements in energy saving in the past 2 years, but the development is very uneven. At present, the unit consumption of coal, oil and electricity by half of the enterprises throughout the country is higher than the best record previously attained. Even in the same trade and under generally the same conditions, energy saving by different enterprises varies a great deal.

We still have to continue our efforts in adopting such energy-saving measures as:

1. Organizing energy-saving work teams to go deep among the grassroot units to implement the related policy. These work teams shall be made up of people sent from different departments. Their duty is to help the enterprises conduct study and investigations, work out plans for energy saving, carry out energy-saving policies, and popularize new saving techniques. They will help those enterprises with high energy consumption one by one.

2. Establishing energy control systems at all levels throughout the country. The control and saving of energy shall be the responsibility of the State Economy Commission affiliations at all levels. These affiliations at the provincial, municipal and autonomous regional levels and the industrial-transportation departments shall all form energy control organs. All enterprises having high energy consumption should also appoint energy engineers and set up energy organs under the leadership of the deputy factory director or the chief engineer, while other enterprises should also assign special persons to take charge of energy control. The policy of energy saving can thus be carried out in the grassroot units.

3. A general survey on energy utilization. A survey of energy consumption and an accounting of heat balance should be conducted on the key enterprises in various areas and departments. On this basis, we can set up systems for tapping potentials, plugging loopholes and working out plans for transformation. This is the basic task of energy saving, and must be done well. In the second nationwide "energy month" to be carried out this year, we will highly commend the advanced elements, set typical advanced examples, and work out a set of effective measures.

Question: How is the situation with mining? Any problems here waiting for solution?

Answer: The present backwardness of our mines has become a great hindrance to the industrial development in our country. In either coal mines, metallurgy, chemistry, construction materials and other nonmetal mines, there are many important problems in addition to inadequate geological prospecting and capital construction. For example, the mining equipment is old and backward, and safety measures are overdue. There is the lack of funds for renovation or transformation, and furthermore, the preservation of mineral resources and the living conditions of the mine workers and staff members all constitute urgent problems.

Question: What measures are being contemplated for strengthening mining?

Answer: Judging from the present situation, we have to pay particular attention to the solution of two problems: First, we must make every effort in readjustments for the mines and conscientiously implement the policy of attending to both tunneling and extraction with priority to tunneling. We must readjust the ratio between extraction and tunneling and strive to clear up all outstanding work within 2 or 3 years. Secondly, we have to study and make good use of the related economic policies to solve the problem with sources of funds for tapping potentials and conducting renovation and transformation, and then to appropriately increase the funds for improving the mines as well as insuring safe working conditions for the workers. This will help the mines develop.

Question: How will the machine building industry be able to maintain its production at a certain level in the course of readjustment?

Answer: A big problem facing the machine building industry is that they do not have enough work to do, or "not enough to eat." Some new methods used and experiences gained by the machine building departments in various places should continue to be popularized this year. They are:

1. To strengthen market regulation on the basis of planned regulation, so as to create more avenues for sales. After filling the orders placed by the material departments, the enterprises can sell the remainders through advertising, or find their own way to sign contracts with other parties so as to form a direct link with the market. Also, they can sell their products wholesale or on consignment through the commercial network or other business establishments. A further method for them is to accept materials for processing; but the charges should be in accordance with state price policy instead of being set arbitrarily. Materials received should be compatible with the factory's fixed norm and cannot be changed at will.
2. To produce more durable consumer goods needed in the market and to actively expand the export of machine building products. Along with industrial reorganization, some factories can change over to produce electric meters, water meters, gas meters and other durable consumer goods. However, there should be overall planning and comprehensive arrangement instead of producing blindly on the spur of the moment. More machinery and electric equipment should be able to find their way to the world market and the proportion for these items should be raised. At the same time, in coordination with the foreign trade departments, more compensatory trade, cooperative production or processing of given materials according to given blueprints, can be undertaken as a means of raising our technical level and making up the shortage of assignments in production.
3. To undertake the distribution of whole sets of imported equipment. We will strengthen the control of distribution of whole sets of imported equipment and the inspection and testing of imported single engines, and strive to manufacture whatever we can. If we can import any new technology and manufacture the equipment ourselves, we will not import the equipment. This will support the machine building industry in production, increase state revenue and save foreign exchange.
4. To strengthen technical service. We will set up an extensive network of service stations and organize technical service teams to visit the countryside and the plants to help in maintenance and repairs, in remodeling equipment, in designing, in installation, testing and adjustments, and in imparting technical skill. We will serve the consumers wholeheartedly.
5. To manufacture and build up a reserve of heavy equipment that will be useful in future, based on state plans and arrangements and the utilization of the present productive capacity.
6. While readjusting and improving the quality of old products, the development of new products which will replace the old ones in a planned way.

Question: What are the key projects in railway, transportations and posts and telecommunications production?

Answer: The production in railways, transportation and posts and telecommunications will consist of transporting coal from the west to the east, foreign trade goods, and the raw and semi-finished materials for products of the light and textile industries. We will devote our main attention to the increase of urban telephone facilities, to clearing up the "bottlenecks" in railway transportation and to increasing harbor traffic. In addition to completing the tasks production for this year, we will also prepare ourselves for even greater future undertakings in transportation.

In organizing transportation, we will make careful revisions of the construction program for the old lines in order to minimize inconvenience to their operation. We will make full use of water transport, popularize the use of lighters in different sections, and increase the scheduled runs for foreign trade. We will organize joint railway, highway and waterway transport as much as possible and speed up the turnaround of vehicles and ships. Provided the safety factor is insured, we will endeavor to carry full loads or even more than full loads in our trucks and trains and arrange more unscheduled runs. In trans-bureau railway transportation, we will increase the proportion of through cargoes. The facilities of loading and unloading will be further improved, with particular attention to coal loading. The experience of carrying cargoes in passenger trains will be popularized. In some sections, passenger trains will be popularized. In some sections, passenger trains can be reduced, if necessary, to make room for freight trains. We will carry cargoes in separate pieces, in crates or in whole consignments.

As for posts and telecommunications, our main concern is to install more city telephones and at the same time try to increase our capacity for long distance calls.

Question: What are the requirements of readjustment for enterprises?

Answer: In readjustment this year, we will have to stress four points: First, to set up efficient leading bodies which are united in a single purpose to strive for the four modernizations; second, to set up a system of strict responsibility; third, to practice economic accounting and to promote the analysis of economic activities within the plants; and fourth, to readjust and improve the methods of encouragement to workers and to firmly stop the practice of indiscriminate awards of bonus and equalitarianism.

We will strengthen the education on and concept of law among the workers and staff members along with the readjustments carried out in the enterprises. The cadres of leading bodies at various levels are particularly urged to build the conviction of understanding laws, observing laws, and acting in accordance with laws. Training classes will be held for everybody so that the cadres can increase their ability in vocational management, and the workers can improve their cultural knowledge and technical skill. At

the same time, we must adjust and raise the wages of 40 percent of our workers and staff members in close coordination with the readjustment, so that the increase of wages will be accompanied by a big improvement in the quality of work in the enterprises.

We will continue to learn from Daqing in industry, study the basic experiences of Daqing as well as other advanced experiences in each area and each trade and profession. There will be a widespread campaign of comparing, learning, catching up, helping and surpassing, and, after evaluation, a number of advanced units and individuals, distinguished in promoting modernization, will be selected to welcome the convention of the national model workers conference.

Question: Based on the conditions you have talked about, the task of production on the industry and transportation front is quite an arduous one. Finally, can you please tell me about your hopes and expectations of the broad masses of workers and staff members?

Answer: To insure the completion of state plans this year, we hope that, under the leadership of the party committee at various levels, the broad masses of workers and staff members on the industrial and transportation front will concentrate their efforts on production, work hard and be practical in solving problems one by one. They cannot afford to relax even for a single day. They must act according to objective economic laws, carefully solve problems of economic policy in the course of production on this front, harmoniously adjust their relationships with various quarters, and promote the in-depth rectification in industry and development of the campaign to increase production and practice economy. They must firmly uphold the four basic principles, do a meticulous job in political and ideological work, eliminate interferences from the "left" and the right, and oppose any attempt to disrupt production order, work order and social order. They must preserve political stability and unity, pay attention to the increase of production, improvement of quality, reduction of consumption, and rise of labor productivity, in order to make even greater contributions to the four modernizations.

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NATIONAL ECONOMIC POLICY

UNRESTRICTED EXPANSION OF ENTERPRISE AUTONOMY OPPOSED

Beijing GUANGMING RIBAO in Chinese 1 Mar 80 p 4

[Commentary by Cai Yanchu [5591 6056 2806]: "On Expanding Enterprises' Autonomy"]

[Text] At present, there is a rising demand for expanding the autonomy of enterprises. Opinions on this subject vary from person to person. Some people even have described it as a breakthrough in the bottleneck to the consolidation of the economy and the acceleration of construction. I also want to present some preconceived and presumptuous opinions of mine on this topic as a reference which may be useful to theorists and practical workers.

I. Proposal

First, we must reasonably delegate greater management power to enterprises under a unified state plan as a measure to stimulate the enthusiasm of their workers for greater success in production.

Now what does expanded autonomy for the enterprises mean? An analysis of the 11-point regulation contained in the State Council document on reforming five management systems and the summary of seven autonomies practiced by 84 select enterprises in Sichuan generally indicates that an autonomous enterprise can operate independently under the unified state plan, it has power and obligations, it emphasizes rewards and punishments, and it adheres to the principle of material incentives while strengthening its political and ideological work. Some essays have pointed out that the three factors--independent management power under a unified plan, the principle of material incentives, and economic responsibility--constitute the main feature of Lenin's economic accounting system of socialist enterprises. This being the case, I feel that the expansion of enterprises' autonomy should be interpreted as a step forward in perfecting the economic accounting system of socialist enterprises. Economic accounting is a term that is well known to the broad masses of workers. Although our economic accounting system that existed in the past was not perfect, or was called an unauthentic system by some comrades, it can clearly be improved in the future. Our current urgent task is to strengthen economic accounting and improve economic efficiency. Any lopsided emphasis on power

while shunning increased responsibilities is clearly not justified. At the present specific stage of the reform of our economic system, finance is moving ahead of other sectors of the economy--planning, supply, capital construction, labor, supply and marketing--in being reformed. Under this condition, the expansion of "autonomy" means adding new capital to the existing "contingency fund." Now at issue are how to increase the percentage of profit-sharing, the estimates of depreciation funds, and the allocation of revolving capital. There also have been demands to reduce supervision and control over funds available to enterprises. This really reflects a trend in our industry. For this reason, the proposal to expand the enterprises' autonomy should be clearly and correctly understood by comrades serving the industrial enterprises.

II. Position

Second, I feel that the "proposal for expanding enterprises' autonomy" should be placed in the proper order of priorities. Now, it can produce its intended results only as a project subordinate to the readjustment of the national economy.

At present, reform should go hand in hand with readjustment. In defining the relationship between readjustment and reform, and consolidation and improvement, Comrade Hua Guofeng declared in his "Report on the Work of the Government" to the Second Session of the Fifth National People's Congress: "Readjustment, reform, consolidation and improvement are interrelated and mutually complementary. But today it is readjustment that is crucial for the economy as a whole."

It is now clear to us all that without successful readjustment, the disproportions in the economy cannot be rectified, the national economy as a whole cannot be successfully developed, and the present passive economic mood cannot be transformed into economic initiatives. Reform will be either impossible or unsuccessful or counterproductive if all enterprises only demand that their "autonomy" be enlarged without transforming their demands into a nationwide initiative.

An observation of practice being the sole criterion for verifying the truth and the delegation of financial power to the enterprises in the past revealed the following two contrasts in our present economic situation:

Although the financial power delegated to enterprises during the First 5-Year Plan and the 3-year readjustment of the national economy in the 1960's was almost the smallest in the PRC's history--at that time even the depreciation fund needed to maintain the normal production expansion was entirely delivered to the state treasury--the economic targets, fulfilled by them, including profit, production costs and working capital, hit the highest mark in history. Now the so-called levels of economic targets we ask our enterprises to surpass actually refer to the economic target levels of that period.

For years, and especially following the downfall of the "gang of four," the financial power delegated to enterprises and these enterprises' "contingency fund" have been growing steadily and are now unmatched by any similar power or fund in the past. At present, nearly 40 percent of the enterprises' profits are allocated to them as capital that they can use to tap production potential, carry out technical innovations, and renovate their equipment. Of course, this capital includes the enterprises' depreciation funds, state appropriations, and special loans for technical projects. But they represent an increase of 7.3 and 53 percent, respectively, over 1965 and 1975. It can be said that the amount of working capital now available to enterprises is greater than in the past, although production is also on a larger scale. As everyone knows, some of this capital has been handed out to people as bonuses, not on the basis of merit. Many enterprises today still fall far short of the previous highest technical and economic targets, while nearly one-fourth of our enterprises are still operating unprofitably.

How can we interpret the aforementioned fact and reconcile it to the current demand to expand the enterprises' financial power? How can we clearly explain this problem by integrating theory with practice? At present, there are many factors which have contributed to the considerable increase in the profits of some enterprises selected to receive greater financial power. This increase cannot be attributed to the expansion of enterprises' autonomy, just as our economic successes during the implementation of the First 5-Year Plan and the 3-year readjustment of the national economy in the 1960's could not be credited to the implementation of a policy not to delegate financial power to enterprises but should be credited to the planned and proportionate development of our national economy at that time.

Facts show that the advantage or disadvantage of granting greater financial power and more contingency funds to enterprises should in no way be evaluated as cases isolated from the situation as a whole. The proposal for expanding the enterprises' autonomy should be properly placed in the ranking of our nation's priorities. At present, it should be executed within the bounds of our country's financial solvency as a project subordinate to the readjustment of the national economy. In other words, just like a train moving along the track, the enterprises' "autonomy" should take its place within the framework of our economy as a whole; enterprises and their workers should play an active role in bringing the national economy into the orbit of planned and proportionate development. Although the track is a binding on the train, the former is a guarantee of the latter's safe movement. The proposal to expand the enterprises' autonomy cannot achieve its intended results if it is carried out without regard for the nation's financial solvency and without coordination with the readjustment of the national economy as a whole, whose aim is to rectify the current serious disproportions in the economy. Everyone should be aware that the proposal for expanding the enterprises' autonomy is neither a measure independent of other economic undertakings nor a panacea for all economic ills.

III. Method

Third, I feel that the proposal for "expanding enterprises' autonomy" should proceed with steady rather than hasty steps and with small rather than giant steps.

To reform their financial system, the state-run industrial enterprises in November 1978 put into effect a preliminary funding system; farmland reclamation enterprises in February 1979 initially adopted a financial monopoly system; in March 1979, all departments under the Ministry of Commerce put into effect an experimental profit-sharing system. In July 1979, in addition to instituting the aforementioned enterprise funding system, the state-run industrial enterprises put into effect a profit-sharing system which is being tried out at over 1,500 selected points throughout the country. So far, the experimental autonomic enterprises account for 4 percent of the total, with their gross profits equivalent to 28.5 percent of the earnings of all state enterprises combined (which excludes profits of provincial, regional, and municipal experimental autonomic enterprises). Although this achievement is not too impressive, our agriculture, industry, and commerce have taken the first or even second step in reforming their systems.

Some comrades, however, believing that we have not done enough to merit commendation, therefore have demanded that a giant step be taken in this field. This demand may be justified. But the proposal for reform should be largely based on objective conditions rather than on wishful thinking. For example, we must make sure that a giant step can be taken at present to reform our entire economic system; second, we must know whether steps can be taken to close the gap between big and small earners through such economic levers as pricing and taxing, so that all enterprises can move forward with relatively fair competition; third, we must figure out whether large-scale reform is now beyond the capacity of our country, which is concentrating all its financial and human resources on the construction of key projects and on paying off all necessary expenses incurred by such projects. As everyone knows, following the downfall of the "gang of four" our country has raised the purchase prices for agricultural products considerably, has lightened the burdens of enterprises of collective ownership by giving them a tax break or tax exemption, and has continued to increase workers' wages. It has also reinstated the bonus system, properly expanded enterprises' autonomy, and set up a considerably large contingency fund for enterprises. This should not be considered too small a step at a time when so many projects need attention and so much needs to be done with limited financial resources. Furthermore, some of our existing enterprises badly need working capital for expansion because their products are in short supply, and others should be reorganized or closed because their products are now in excessive supply and are unwanted. Under this condition, indiscriminate expansion of enterprises' autonomy across the board is probably not justified. In our country today, there are over 300,000 enterprises which were not organized in accordance with the principles of specialization and division of labor. If they all demanded an expansion of their autonomy, we can imagine what kind of a mess we would be in. Meanwhile, the reform of the systems is a task of great importance to be carried out in coordination with

other projects. In the face of this complicated problem, we must exercise caution, display determination, and move forward without impetuosity. We should remember, "A journey toward a great goal starts with a small step; countless tricklings can converge into a torrent." At first, we should proceed with reform on a small scale and on an experimental basis before any giant step can be taken in this field. Only in this way can we progress smoothly and avoid mistakes. Our progress may appear slow, but it will be effective. Any reckless action may cause delays in reform. "Feel chagrined not at slow motion but at deviation from the right course." This is a historical lesson that we should never forget.

IV. The Reason Behind the Demand To Expand Autonomy

We must recognize that the contingency fund now available to the enterprises is very large, and the reform at its present stage does not warrant any hasty measures. But we must win the first battle for the readjustment of the national economy. At the beginning of this battle, we were baffled by the rising demand to expand the enterprises' autonomy which has almost drowned out the voices in support of readjusting the national economy. This unreasonable demand has forced people to study and search for the motive behind the proposal to expand the enterprises' autonomy. My survey and observation revealed this fact: that the real aim behind their demand is to reinstate investment in capital construction through other channels--investment which has been cut off by the state following the reapportionment of funds accumulated by enterprises and expenditures, based on a decision to curb capital construction. This cut can be reinstated through the approval of the proposal to expand the enterprises' financial power including an increase in the depreciation fund and in the percentage of profits retained by enterprises. I am afraid that this is real motive behind their demand for expanded autonomy of the enterprises. Of course, I must also recognize that not every advocate of greater autonomy for the enterprises intends to expand capital construction. Nevertheless, the aforementioned motive has existed in some comrades' minds. It seems that today everyone wants to back up the proposal for reform with the argument that the commodities produced by his enterprise are in short supply. Now let us take a look at the following facts:

Why did some large-scale industrial and communications enterprises propose to increase their depreciation funds to 50 percent or more of their profits, or even want to retain all their earnings, in the name of the need to tap potential, to carry out technical innovations, to renovate equipment, and to build auxiliary works? Annual earnings by a large-scale enterprise ranges from 100 million yuan to many times that amount. Why did it want to keep that much capital, and for what purpose? Did it want to increase its "contingency fund" so that it could free itself financially from the control of the state treasury and feel free to build a few more "latrines?"

Why did some enterprises demand that the funds used for repair and equipment renovation be credited to the account of state appropriations for capital construction? Did they want to spend such money on overhauling their plants?

No, because overhaul can be covered by a special fund set aside by the state. Did they want to use it to tap potential and to carry out technical innovations and equipment renovation? They can pay for such expenses out of their depreciation fund, which can be supplemented by state appropriations and bank loans. Then why did they want to swell the state appropriations for capital construction with the aforementioned funds? It is clear that they wanted to add small amounts of funds to the large ones so that they can expand their financial power.

Furthermore, during the past dozen years beginning in 1967, depreciation funds retained by enterprises have exceeded 100 billion yuan. Where was such an enormous amount of money spent? Although I do not yet have accurate information on their use, I am pretty sure that they have spent a lot of money on building some "big and all-embracing" or "small but all-embracing" projects or on expanding capital construction and production.

This spending might be justified from the standpoint of a single enterprise or a single department and locality. But it is not justified from the point of view of the situation as a whole. This is particularly true at a time when our country is concentrating on readjusting its economy. "A chess player cannot do a good job as long as he does not bear in mind the entire situation across the board." It is important to coordinate all activities of the nation just like on a chessboard.

As far as the proposal for expanding enterprises' autonomy is concerned, at issue is not who can emancipate their minds and who cannot, and who has courageously carried out reform and who has tampered with it. The issue in disputes should center on whether we should give first priority to readjustment or to reform, and whether we can take concerted actions to rectify the disproportions in the economy. This is the initial conclusion I have drawn from my study of this matter.

Editor's Note: The proposal for expanding enterprises' autonomy at selected points has attracted the public's attention. It is normal to see different views crop up during the discussion of this topic. We should open a path of our own toward the goal of economic reform on the basis of constantly summing up our practical experiences.

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CS0: 4006

NATIONAL ECONOMIC POLICY

STATE ECONOMIC COMMISSION HOLDS PRODUCTION MEETING

Beijing GONGREN RIBAO in Chinese 13 Feb 80 p 1

[Report: "Industrial, Communications Fronts Calls for Strong Production Measures During Spring Festival"]

[Text] On 12 February, acting upon the State Council's instruction, meeting, calling on industrial and communications units throughout the country to step up production and transportation during the spring festival. The meeting concluded with an appeal to workers on the two fronts to promote production and fulfill the scheduled production plans during the spring festival and to strive for a new victory for February.

In addition to hailing the outstanding achievements in production on the two fronts in January, the commission's leading members pointed out: Since the beginning of February, industrial and communications workers throughout the country have stepped up efforts to ensure stable and high output of products and services despite the unfavorable cold weather conditions that affected most of the country. An unprecedented achievement was that the output of most products was either equal to or exceeded the levels of January this year. To ensure the stable output of products during the spring festival, the State Economic Commission issued the following specific measures:

I. All local departments and economic committees throughout the country should reexamine their entire production and transportation plans and fulfill them as scheduled. Resolute and remedial measures should be taken to strengthen weak links and overcome loopholes in production whenever they may appear during the spring festival.

II. During the spring festival, departments of industry and communications should strengthen their leadership over production and work out a schedule for principal leading comrades to act as duty officers. Responsible comrades of the State Economic Commission, the State Council, and the various ministries and departments, and various provincial, municipal and regional economic committees should take turns serving as duty officers and directing production. All leading comrades on duty should be prepared to handle all problems concerning production and transportation.

III. During the spring festival, necessary measures should be taken to ensure an adequate supply of power, coal, and fuels and to speed up the loading of export goods. Railroads, transportation, and mining units should do everything possible to speed up the flow of the means of agricultural production, consumer goods, coal, mineral ores, and foreign trade goods at a time when passenger services are on the decline. Concerted actions should be taken by departments concerned to coordinate the use of motor and ships and to speed up the loading and unloading of goods.

IV. Leading cadres in charge of production on the industrial and communications fronts should serve as vanguards in organizing and directing production and should be prepared to solve any related problems. Workers responsible for production and transportation during the spring festival should perform their duties well, observe labor discipline, strictly maintain their equipment well, and ensure safety in production.

V. Efforts must be made to help workers and their families to strengthen political and ideological work and to achieve success in production during the spring festival holidays to strive for a new victory for February. Any suggestion to shift production tasks scheduled for February to March--a suggestion that may turn our production timetable for the first quarter of this year upside down--should be discouraged and prevented. Leading groups at all levels should pay attention to the well-being of the workers and inspire them to work hard.

9574

CSO: 4006

ECONOMIC PLANNING

NEW ACHIEVEMENTS ON INDUSTRIAL, TRANSPORTATION FRONT REPORTED

Beijing GONGREN RIBAO in Chinese 11 Feb 80 p 1

[Article by GONGREN RIBAO correspondent: "Industry and Transportation Enterprises Throughout the Country Achieve New Successes--Readjustment in the Nature of Recovery Basically Completed and Daqing-Type Enterprises Rapidly Popularized"]

[Text] Industry and transportation enterprises have made new progress in readjustment. According to statistics by departments in charge of industry, the majority of enterprises, particularly the large and medium-sized enterprises throughout the country have basically completed their work of readjustment in the nature of recovery. The six criteria formulated for the readjustment of enterprises have been basically fulfilled, and some advanced enterprises have even made new progress. While carrying out readjustment, many localities speeded up the popularization of Daqing-type enterprises. The total number of Daqing-type enterprises affiliated with county or higher levels has exceeded 10,000, including more than 2,600 large and medium-sized enterprises, being more than 33 percent of the total number of large and medium-sized enterprises. The plan to popularize Daqing-type enterprises throughout the country has been fulfilled 1 year ahead of schedule. Every trade and profession now has its own standard-bearers in learning from Daqing, thus giving a strong impetus to the development of production and construction.

In the course of readjustment, many localities have strengthened their leading bodies. While helping the enterprise cadres rectify their ideological and political lines and their work styles, these localities have gradually promoted a number of cadres, who are politically and ideologically good, professionally competent, and in the prime of life. After the readjustment, more than one-third of the cadres in the leading bodies in large and medium-sized enterprises are now thoroughly familiar with their vocations, and know about technology and management. In the textile and railway systems, cadres of this type number more than one half of the total. Training was also carried out along with the readjustment, and some 460,000 cadres have been trained throughout the country. Through 2 years training, the Anshan Iron and Steel Company has raised the technical level of its workers and staff members by one grade.

In the process of readjustment, these localities also paid great attention to the improvement of quality as their central task and at the same time practices comprehensive quality control, economic accounting, and training for the entire staff with outstanding results. The quality of textile, petroleum, metallurgical and chemical products, construction materials and drugs has returned to, or surpassed, the best standard ever attained. In the electric power sector, more than 99 percent of the cycle rate in 9 out of the 11 power grids are up to the required standard. In the light industry system, the quality of more than 90 percent of the comparable items has reached the best level previously attained. In Shanghai, 28 different products of the textile system have reached the advanced world level.

Many enterprises have combined readjustment with the programs of increasing production and practicing economy, and improving business management, and set up the systems of three-level accounting, internal economic contracting, sharing of profits, and high price for high quality. By improving management, these enterprises achieved fairly good economic results last year by increasing their output value by 8 percent, when the use of energy was increased by only 1 percent throughout the country.

Leading organs at various levels worked out plans of readjustment, and firmly adhered to the principle of providing guidance separately for each classification, and improved the methods of leadership. With economic means, they combined the readjustments in the enterprises with the expansion of the enterprises' power to make their own decisions and with the material benefits of the workers and staff members, and strived to bring about a unity of responsibility and authority. These are the main achievements in last year's readjustment program.

The departments in charge of industry pointed out that although certain success has been achieved in readjustment, the developments in various localities and trades are very uneven. Despite the readjustment, some enterprises are still not quite consolidated, and others have even deteriorated. Because of weak leadership, production in a small number of enterprises is backward and management is chaotic; these enterprises still have many problems needing urgent solution. This shows the arduous nature of readjustment and the need for further efforts. Recently, the State Economic Commission has put forward the key points for readjustment in the current year, urging the departments in charge of industry at various levels and the industry and transportation enterprises to take prompt measures for readjustment and improvement in order to basically complete this task within this and the following year.

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CSO: 4006

ECONOMIC PLANNING

BRIEFS

ECONOMIC PLANNING GROUP--Peking March 22 KYODO--China's State Planning Commission has set up an experts' group to work out a 10-year economic program beginning in 1981, sources here said Saturday. The sources said the group's task was disclosed by officials of the Chinese Academy of Social Sciences in their recent meeting with a visiting group of Japanese. The sources said Vice Premier Yu Qiuli, minister in charge of the commission, will have talks with Japanese experts on the economic program when he visits Japan early next month. The economic program will be submitted at the 12th National Congress of the Chinese Communist Party which is to be held by the end of this year, the sources added. [Text] [Tokyo KYODO in English time not given 22 Mar 80 OW]

CSO: 4020

GENERAL ECONOMIC INFORMATION

BRIEFS

WINE, BEER PRODUCTION--Beijing, 1 April--Production of wine, spirits and beer topped three million tons in 1979, a 23.3-percent increase over the previous year. Commercial departments have purchased more than 685,400 tons in the first two months of this year, 30 percent more than that in the corresponding period last year. The state has allocated large amounts of grain and funds for the industry, which have helped increase production by over 20 percent. The quality of famous wines and spirits, including Maotai, Fenjiu, Wuliangye and Shaoxing, remains high and packing has been improved. Sales of wines and spirits are brisk during festivals and holidays in China. The sales went up to over one million tons in the first two months of this year because of the New Year's Day and the spring festival. A leading member of the State Bureau of Foodstuffs said in an interview that it plans to build more breweries and wineries in the larger cities, tourist centres and major port regions in the near future. [Text] [Beijing XINHUA in English 0710 GMT 1 Apr 80 OW]

CSO: 4020

FINANCE AND BANKING

BRIEFS

CHINESE SAVINGS DEPOSITORS--Beijing, 3 Apr--China now has more than 100 million savings bank depositors in cities and towns, with 15 million depositors added last year, the People's Bank of China announced today. Savings bank deposits in both urban and rural areas totalled 28,000 million yuan last year, 7,000 million yuan more than in 1978, the highest record ever. In the first two months of this year, urban bank deposits increased by 36 per cent over the same period of 1979 and those in the countryside went up three times though Chinese families used to spend more money during the two months. According to statistics, half of the 100 million depositors in the cities are fixed term depositors, of whom 30 percent are depositors for a three-year or five-year term. However, the fixed term deposits make up 82 per cent of the total volume of savings bank deposits in the cities. In the countryside fixed term deposits comprise 70 per cent of the total in rural China. The shortest term for the fixed deposits is six months. Both urban and rural people will have more income this year, he said, because wages for 40 per cent of the Chinese workers are to increase, enterprises give bonuses to workers, more jobless people will be provided work and peasants will get more money from the flourishing collective production and side-line occupations. [Beijing XINHUA in English 0823 GMT 3 Apr 80 OW]

SAVINGS DEPOSITS--Beijing, 1 Apr--According to statistics of the People's Bank of China, the total number of savings accounts in China now exceeds 100 million. As of the end of February, savings deposits in urban and rural areas amounted to more than 30 billion yuan, more than 80 percent of them being time deposits. The total value of savings deposits increased 4.7 billion yuan in 1979. [Beijing XINHUA Domestic Service in Chinese 0256 GMT 1 Apr 80 OW]

CSO: 4006

FUELS AND POWER

DEVELOPING HYDROELECTRIC POWER ON PRIORITY BASIS URGED

Beijing RENMIN RIBAO in Chinese 6 Mar 80 p 2

[Article by Li Rui [2621 6904] vice minister of power, as of December 1979: "It Is Necessary To Develop Hydroelectric Power on a Priority Basis--an Important Question in Our Country's Energy Policy"]

[Text] Everyone is now aware of the energy problem in our country.

In dealing with the problem of power shortage, which has existed for many years, authorities at the national as well as the local levels have held the view that hydroelectric power should be developed vigorously and rapidly, and the RENMIN RIBAO has carried many articles on this subject. Yet for 30 years, we have not been able to develop it vigorously and rapidly. Why?

Way back in the 1950's, the people engaged in hydroelectric power construction already bragged about China's rich water resources and the favorable conditions for their development, and practice had also proved that greater, faster, better and more economic results could be achieved in this undertaking. In 1958, it was boldly proposed that as a long-range plan for power construction in China, "hydroelectric power should play the main role, with thermoelectric power relegated to an auxiliary role" as a matter of policy. The proposal even envisioned a higher ratio of hydroelectric power to thermoelectric power by 1972 (that is, 14 years later). In 1957, the proportion of hydroelectric power capacity was 25 percent. Therefore, this vision was not entirely groundless. Since the 1960's, the policy on electric power construction was "simultaneous development of hydroelectric and thermoelectric power, and the development of hydroelectric power in places where conditions are favorable." Yet we are now actually taking the same road as we have been doing in the past 30 years. Because of limited state investments on capital construction each year, there is still the inevitable bias in the allocation of funds toward thermoelectric power which can yield quicker results. Those engaged in hydroelectric power could only recall their past dreams with anguish. In 1979, the proportion of hydroelectric power dropped to only 17 percent!

The failure to give priority to the development of hydroelectric power, or to help its vigorous and rapid growth, concerns our energy policy. Therefore, this article has to harp on the old tune once more and at great length.

Our country is indeed rich in energy resources, ranking third in the world in known coal reserves and first in water resources, and with a good future in oil reserves. The energy situation now is tight while coal and oil are in short supply. For power production, coal is the main source, followed by oil and hydropower in that order. Of the total power capacity of the whole country in 1979, 62 percent was generated by coal, 21 percent by oil and 17 percent by hydropower. Some 110 million tons of coal, 16.4 million tons of oil, or approximately one-sixth of the total coal and oil outputs were consumed. Because of the shortage of coal and oil, some thermoelectric power plants were unable to operate at full capacity.

Both oil and coal are important materials for getting foreign exchange at present. Yet, because of power shortage, there is no guarantee for their regular production. A part of many products requiring high power consumption, such as aluminum, lead, zinc, some special rolled steel and ferro-alloy, have to be imported. In other words, we have to import energy. It is therefore the responsibility of the power industry authorities to end this irrational phenomenon.

How to develop and utilize our energy in a rational way? How to end the prolonged power shortage? How to readjust the energy structure of the power industry in our country? After all, the formulation of a rational energy policy based on the realities of our country is one of the key problems in the realization of the four modernizations.

In the power industry, thermoelectric power is the main item requiring coal and oil. In the past 10 years and more, the continual increase of oil consumption has been one of the changes in the composition of the power energy structure in many countries of the world. In many of these countries, the proportion of oil power was more than 50 percent in the past. After the oil crisis in 1973, the increase of oil consumption quietly ended. At present, many countries are undergoing a painful experience in the change of energy composition. In 1972, the use of oil was also widely advocated in our country, and many plants, originally using coal, changed to the use of oil. A number of new plants were built to use oil. The consumption of oil soon caught up with the consumption of coal in generating power. In 1978, the consumption of oil in generating electricity exceeded 20 million tons. But this situation did not last long. We are now compelled to use coal, but a number of plants using oil are still unable to adapt themselves to this change. This setback in our energy policy naturally caused great damage to our economy. Hereafter, the proportion of oil electric power in our energy composition will have to be lowered as much as possible, and the thermoelectric power will mainly rely on the use of coal. This is now beyond dispute. However, the supply of coal can hardly meet the demand of large-scale development of thermal energy. In 1957, the amount of coal

used for generating electric power in the country was only 7.5 percent of the total output; now the percentage is more than double. Coal is the main energy source in our country and there is an ever-increasing demand for it from various quarters. According to the current plans for developing thermoelectric power, an additional 70 million tons of coal will be required in 1985, and this additional amount is almost equivalent to the total increase of the planned overall consumption for the same period. The prospecting for coal resources takes a very long time because the exact locations cannot be easily determined. The opening of a large coal mine up to the designed capacity takes about 10 years or even longer. Coal transportation is also a long-standing problem, and no rapid improvement can be expected in future. It has been heard that in the Energy Conference convened by the State Scientific and Technology Commission, some people proposed the appropriation of part of the investment in coal mines for developing hydroelectricity. This proposal reflects a note-worthy phenomenon. The state must have a far-sighted and scientific energy policy. In fact, there should be a practical and long-range electric energy plan for the electric power industry itself. If we will think of the special features of energy resources in our country, taking into account the various favorable as well as unfavorable factors and drawing our lessons from our experiences in electric power construction during the past 30 years, we can see that giving priority to the development of hydroelectric power is a task forced on us by the general trend. Therefore, it can no longer be taken lightly.

The superiority of hydroelectric power is known to everyone. It is a low-priced, clean and regenerative energy. All countries in the world are giving priority to its development, regardless of the state of their natural resources, the difficulty of such development and the higher (sometimes by three or four times) construction outlay than is required for developing thermoelectric power. This is particularly true of the industrially advanced countries which invariably follow this law. In the composition of electric energy, the proportion of hydroelectricity is relatively higher in various Western countries. It was not until the 1960's, when the exploitation of hydropower had already passed the halfway mark or approached the point of exhaustion, that the proportion of hydroelectric power began to gradually decline. Because of the energy crisis brought about by the increase of the price of oil, people have once again returned to the study of the resources which they had formerly considered unworthy of further exploitation. For example, the United States has discovered certain minor resources capable of supply some 40 million kws of hydroelectric power and is now ready to exploit them. Japan has recently held its fifth national survey of water resources, during which a 20 million kilowatt resource was reported. To promote the exploitation of hydroelectric power, the United States and other countries have adopted the policy of subsidizing these projects.

In the past 30 years, the hydroelectric power capacity in our country has been increased from 160,000 kws to 17,270,000 kws (including the 2,670,000 kws generated by small hydroelectric power stations with an installed capacity of 500 kws each). This can be considered quite an achievement. However, this

represents only 5 percent of the available water resources (for the time being based on 60 percent of the total estimated potentials). Had we put our vision of 1951 into practice, we could have generated 8 million kws of hydroelectric power, and the proportion of the installed hydroelectric power capacity in the composition of electric power energy would reach 40 percent. This will be of undoubted benefit to the energy balance and the development of the entire national economy. Let us review our experiences in the past 30 years.

While on the one hand we deplore our failure to give priority to the development of hydroelectric power, practice has on the other hand fully demonstrated to us that we are entirely capable of undertaking more hydroelectric power projects. In comparison with thermoelectric power, people generally worry about these three disadvantages in developing hydroelectric power: heavier investments, longer construction period, and lower utilization rate. Now let us study a little about the basic facts in these three respects.

1. The question of investment. Up to 1978, 113 large- and medium-size hydroelectric power stations had been built throughout the country, with a total capacity of 8,750,000 kws and a total investment of 7.5 billion yuan. The average investment for each kilowatt was 855 yuan and the cost for each power unit was 0.2 yuan. Inundation in Liujiaxia [0491 1367 1499] is rare, so the construction cost was lower. The investment for each kilowatt here was 506 yuan, and the cost of each power unit was 0.09 yuan. If we take into account the investment on the related coal mines, railways, environmental protection and so forth, then the investment on hydroelectric power can approach, or be even lower than that on thermoelectric power. A very large portion of the investment in hydroelectric power is used for moving people away from the construction site (and this expenditure seems to be ever increasing), while the comprehensive benefits from flood prevention, irrigation and the breeding of aquatics cannot be easily calculated. Before 1978, the total investment in hydroelectric power was 13.6 billion yuan, and the accumulated fund amounted to 23 billion yuan. In the same year, one-third of the entire amount of profits handed over to the state from the electric power industry of the whole country was from hydroelectric power, while the generated capacity of hydroelectric power was only one-sixth of the total capacity. Now let me cite some other figures. The total capacity of seven hydroelectric power stations in Xinanjiang [2450 1344 3068], Xinfengjiang [2450 0023 3068], Tuoxi [2148 3305], Yanguxia [7770 6938 1499], Liujiaxia, Gongzui [7895 0878] and Xijin [6007 3160] was about 3,950,000 kws. By the end of 1978, the grand total of generated capacity was 134 billion power units, and the profits handed over to the state were 6.7 billion yuan, being nearly three times the amount of the investment. The output accumulation rate, the output value profit rate, and the cost-profit rate of hydroelectric power were higher than those of thermoelectric power by one to seven or eight times, and the rates of capital profit were about equal. However, if we will take into account the investment in coal mines and railways, and the increase of coal price, then the profit rate of hydroelectric power is also higher than that of thermoelectric power. The

increase in the oil price is now a grim reality, and it is anticipated that the price of coal will go up too. Then the superiority of hydroelectric power is even more obvious.

From this, the economic conclusion is that the construction cost for hydroelectric power in our country is not high; that the return on investments is quick; that the power of fund accumulation is great; and that the economic benefits are particularly striking. It should be pointed out that even though the construction cost for hydroelectric power may be higher than that for thermoelectric power, the former should still be actively developed in view of its lower operating costs and other comprehensive economic benefits. This is also the reason why many countries in the world are giving priority to the development of hydroelectric power.

2. The question of construction period. From the beginning of construction to the operation of the first set of equipment, the period of 2 years for Xinfengjiang, about 3 years for Tuoxi, Xinanjiang and Yanguoxia, and about 5 years for Xijin and Gongzui stations. Among all the large- and medium-size hydroelectric power stations in the country, two-thirds of them were built fairly rapidly. In the past 10 years and more, the construction periods were prolonged and almost doubled those in the 1950's, mainly because of political interferences and then the insufficiency of investment and materials. Of course, there were defects in the work too, because the construction of large projects called for more complex cooperation. These factors accounted for the longer construction periods. However, it is believed that they can be eliminated after the consolidation of ranks, strengthening of leadership, the development of mechanization, and so forth. Although the construction period for thermoelectric power is shorter, the period for opening the required mines is much longer. Also, the development of thermoelectric power hereafter will be increasingly restricted by the development of mining and environmental protection.

3. The utilization rate. The utilization rate of power generating stations can be judged from two aspects: First, the capacity utilization rate; and second, the actual quantitative utilization rate. The proportion of hydroelectric power is small in our country, and the role of these power stations in the power system is usually limited to subsidiary roles such as during peak hours and during modulation or other adjustments, or as a reserve force for mechanical breakdowns. Its capacity utilization rate is not much lower than that of thermoelectric power, but its flexibility is far greater. However, its quantitative utilization rate is usually lower than that of thermoelectric power. In other words, the number of hours of utilization in a year is usually lower than that of thermoelectric power. This is a normal reflection of the characteristics of hydroelectric power development and will more effectively guarantee the safe and economical operation of the power grids. The average designed utilization of hydroelectric power stations already built is 4,200 hours, and this figure cannot be considered low. In European countries, the Soviet Union and Japan, the number of utilization hours is generally between 2,000 and 3,500 hours, and certain stations, being operated only during peak hours, have only as little as 1,000 hours of

utilization. In our country, however, the utilization rate of hydroelectric power stations has been for a long time evaluated from the number of hours regardless of their capacity. This is unfair and unreasonable.

In recent years, many localities in our country have experienced long dry spells. Furthermore, there have been interferences and disruptions to the normal and economic operations of certain hydroelectric power stations. Therefore, the reduced number of the hours of average utilization should be concretely analyzed. For example, the average annual generated power by Xinanjiang has been 1.86 billion units. For 20 years after its commissioning, it operated at a low flow; and, for as long as 13 years, it operated at the lowest possible level during long dry spells. Thus in 1979, it generated only 440 million units. This may be considered a case of disrupted operation. In countries where more than half of the power is derived from hydroelectric installations, even dry spells would not seriously affect their operation as long as the distribution of power sources are systematically planned and the operation is well regulated. In France and Italy, for example, particular attention is paid to the rational regulation of operation, while in Norway and Brazil, where the proportion of hydroelectric power is between 80 and 90 percent, no particular difficulty is experienced in power supply even in dry years.

On 5 January 1979, RENMIN RIBAO carried a commentator's article entitled, "Hydroelectric Power Construction Should Be Expedited." There is a good passage which reads: "The exploitation of water resources is not only a question of electric power; it is a question of the rational use of energy by the state. It deserves the same consideration as given to the exploitation of coal and oil." Water power, oil and coal are all natural energy sources; however, unlike oil and coal which cannot be recovered after consumption, water power is regenerative. Since the 1960's, the state has spent huge funds (including foreign exchange) in extracting oil and achieved great success. Hundreds of millions or even billions of yuan have been spent on prospecting in order to determine oil resources. These expenses are perfectly justified. Water resources can be more easily determined and the expenses involved are but an infinitesimal part of what is required for oil. Yet because of the abolition of several principal designing academies, the advance work of hydroelectric power construction has still not recovered from 10 years' tragic destruction, and even the very small amounts of money and foreign exchange required for this advanced work cannot be provided. Oil can be exported, but hydroelectric power too can be "exported" in a certain sense, because with a plentiful supply of hydroelectric power, more oil and coal can be exported. This is the reason people deplore this situation: "The failure to make use of these plentiful water resources is tantamount to the plain waste of hundreds of millions of tons of coal and oil." (See "Attention Should Be Paid to Full Utilization of Water Resources" carried by RENMIN RIBAO 25 Feb 80). We hope the same attention given to the extraction of oil will be given to the exploitation of water resources.

I repeat that practice in hydroelectric power construction during the past 30 years has shown greater, faster, better and more economic results, as we can clearly see from the facts. People at all levels have talked a lot about developing hydroelectric power, but why has so little been done about it? One of the objective causes is that people have formed the habit of considering only the heavy investment required, the long period of construction and the low rate of utilization. The power departments do not receive much investment and yet they have to solve the serious problem of power shortage. Therefore, instead of considering the state's long-range energy policy, they are naturally inclined toward thermoelectric power which requires a relatively shorter construction period. If it were not for this reason, how could oil burning power plants have developed so rapidly within the past several years? This situation of power development should give much food for thought.

The situation in the northeast deserves a review. Shortage of coal was already felt way back in the 1950's, and continued difficulty was experienced in the development of thermoelectric power plants. Yet the construction of hydroelectric power plants in the northeast has never got the attention it deserves. As a result, the proportion of hydroelectric power dropped from 50 percent in 1957 to 19 percent in 1978. The Northeast power grid has now a 20 percent peak load and is forced to make readjustments calling for increased coal consumption. Therefore, the profit for the entire grid has been greatly reduced, and by 1979, it amounted to only 160 million yuan. The output of the power grid in Sichuan is only one-fourth that of the northeast. Yet because of the high proportion of hydroelectric power (as in the northeast during the 1950's), the profits reached 400 million yuan every year. Qinghe [3237 3109] Thermoelectric Power Plant, with the largest installed capacity of the country of 1.1 million kws and generating 20 percent of the total thermoelectric power in the northeast, is using coal from Shanxi and more than 10 other provinces and municipalities. According to estimates, if the transportation costs are taken into account, each kilowatt will cost 85 yuan, and the total amount of transportation expenses accumulated over a period of 12 years would be enough to build a hydroelectric plant of the same capacity. Besides those in the Heilongjiang valley, there are many large- and medium-size hydroelectric power stations with a total capacity of about 6 million kws, now waiting to be developed. Furthermore, inundation in these places is rather rare and construction cost is low. There is a similar situation in East China too.

How can there be such an irrational phenomenon? This is only because of our lack of a comprehensive economic insight, our failure to take a long-range view, and our incompetence in large-scale accounting. In other words, we lack a practical energy policy which is far-sighted and consistent with the realities in China, with the result that the authorities concerned do not have the determination to give priority to the development of hydroelectric power.

In view of the serious energy crisis in the world and the splendid situation of water resources in our country, our low utilization of these resources has been a cause of surprise to and sympathy from the foreigners concerned. Comrades for many years engaged in hydroelectric power construction have formed an idea of our power energy structure based on the distribution of energy resources in China and on a long-range view. According to this idea, hydroelectric power will play the main role in the southwest and the northwest; in central and southern China, both thermo- and hydroelectric power should receive equal attention; in eastern China, the northeast and northern China, thermoelectric power should play the main role with hydroelectric power as a support; and when hydroelectric power is well developed in the southwest and northwest, it will be natural for electricity to be supplied from the west to the east. In the past 30 years, the proportion of hydroelectric power in the power energy structure has been around 25 percent for a long time, and has even registered a sharp drop in recent years. This measure is called "mending the pen after the loss of a sheep is never too late." Now is the crucial time. It calls for strong determination to thoroughly solve the problem of giving priority to the development of hydroelectric power, and the authorities concerned should consider the strategic investments in this direction. In other words, we must pay particular attention to hydroelectric power, work out some long-range plans accordingly, and guarantee the availability of investments every year. We cannot afford to regret our negligence again 10 years later.

9411

CSO: 4006

FUELS AND POWER

BRIEFS

COAL ALLOCATION, TRANSPORT STATIONS--In order to improve coal supplies in a planned way, the State Bureau of Supplies has established coal allocation and transport groups in 11 major coal-producing provinces and allocation and transport stations in 50 mining bureaus. Established in August 1978, the allocation and transport groups and stations have played an effective role in coal supply with the cooperation of railway and other communications departments. Nearly 99.1 percent of coal supply contracts were fulfilled last year, establishing an all-time record. According to statistics compiled in 1979, 38 mines in Hebei, Shanxi, Henan and four other provinces relieved 2,068 personnel of the duty of supervising coal delivery. [OW251240 Beijing Domestic Service in Mandarin 1200 GMT 23 Feb 80 OW]

NEW GUANGDONG COAL MINE--The No 757 Geology Team of the Guangdong Geology Bureau discovered the Maoming coal field, which contains 100 million tons of coal deposits, 1.3 billion tons of kerogen shale and 6.7 million tons of bottom stone. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 18 Mar 80 HK]

HEILONGJIANG POWER SUPPLY--Heilongjiang's power supply departments have accelerated preparations to supply power needed for combating drought in the countryside. According to an investigation by departments concerned, an estimated 70 million mu throughout the province will be affected by this year's drought. In 1979, the power supply departments generated more than 387 million kwh of electricity in support of agricultural production. The departments will supply 50 million kwh more electricity for agricultural use this year. This means that 500,000 kwh more are needed daily by drought-stricken areas throughout the province. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Mar 80 OW]

JIANGSU POWER GENERATORS--In 1979 the First Engineering Department of the Jiangsu Provincial Electric Power Construction Company assembled two 125,000-kw generators--the No 3 and No 4 generators at the Xuzhou Electric Power Plant--as part of the second stage of the plant's construction project. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 22 Mar 80 OW]

HENAN ELECTRICITY CONFERENCE--The recently concluded Henan conference on electricity work in Zhengzhou decided to generate 360 million kilowatt-hours of additional electricity after fulfilling the state's plans this year. It was demanded at the conference that the capital construction front speed up the pace of construction, improve the quality of construction and strive to put the projects into operation as soon as possible. The electricity generating units must recognize that fuel is limited and the electricity supply departments must help consumers understand the planned consumption of electricity. [Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 17 Mar 80 HK]

JIANGXI SMALL HYDROELECTRIC STATIONS--The recent Jiangxi on-the-spot meeting on small hydroelectric power stations in Fengxin County pointed out that it is necessary to further mobilize the masses' activism for producing electricity and seriously do a good job of running stations by the counties, communes and brigades. Fengxin County has done well in running small hydroelectric power stations. Of the 15 communes in the county, 10 have set up 116 small hydroelectric power stations with an installed capacity of 13,200 kilowatts, generating 26 million kilowatt-hours of electricity a year. Now, 100 percent of the commune and 90 percent of the production teams and farm households have electricity. However, speaking of the whole province, construction of the small hydroelectric power stations is still slow. The water resources that have been opened up for use in the province accounted for only 10 percent of the existing water resources. Fifty percent of the production teams in Jiangxi still do not have electricity. Progress in the construction of small hydroelectric power stations is far from meeting the needs of the development of the national economy. Wang Zhaorong, Standing Committee member of the provincial CCP committee and vice provincial governor spoke. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 19 Mar 80 HK] Currently, there are 5,800 small hydroelectric power stations in Jiangxi with an installed capacity of 360,000 kilowatts. In 1979 these stations generated 500 million kilowatt-hours, effectively enlivening the economy on mountain areas. However, compared with other provinces and municipalities, there are still problems in our province's small hydroelectric power stations. Some 50 percent of the production teams in the province do not have an electricity supply. The climate in Jiangxi is moderate and rainfall is sufficient. There are also plenty of mountains and rivers in the province with rich water resources. In 1980 the construction of small hydroelectric power stations has been changed from state investment to loans from banks. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 19 Mar 80 HK]

QINGHAI SMALL HYDROPOWER STATIONS--Beijing, 25 Mar--Last year 14 small hydropower stations were constructed on the Qinghai prairie with a total capacity of 5,780 kilowatts. There are now altogether 110 small hydropower stations in Qinghai's pastoral area with a total capacity of 36,000 kilowatts providing electricity for one-third of the communes and brigades in the pastoral area. [Beijing XINHUA Domestic Service in Chinese 0726 GMT 25 Mar 80 OW]

ZHEJIANG BONE COAL DEPOSITS--After conducting a survey in 16 counties, Zhejiang's general bone-coal prospecting team has determined that the province has reserves of over 9 billion metric tons of bone coal.
[Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 23 Mar 80 OW]

SHANXI COAL DEVELOPMENT--Tokyo March 25 KYODO--China has asked Mitsui Mining Co. for financial and technological aid in developing Datong coal deposits in Shanxi Province, northern China, the NIHON KEIZAI SHIMBUN reported Tuesday. Quoting Mits , the report said the request was made when Shingo Ariyoshi, president of the major Japanese coal mining company, visited China recently. The reserves are estimated at several hundred million tons. According to the report, the Chinese hope to develop the steam coal deposits on an annual production scale of 4 million metric tons and pay for the fund and technological services offered in coal produced. The development cost is estimated at yen 20 to 30 billion (dollars 80 to 120 million). China plans to supply 1.2 to 1.3 million tons of steam coal to Japan yearly over a 10-year period. Mits Mining is expected shortly to draw up a development plan and to discuss with the banks concerned and coal users, such as electric power companies, ways of giving financial cooperation and taking delivery of coal from the mine. The development of common coal deposit usually takes about five years. In the case of Datong deposits, whose coal seams are located at a place not very deep from the ground, development is estimated to require only about three years.
[Text] [Tokyo KYODO in English time not given 25 Mar 80 OW]

HUNAN MARSH GAS PRODUCTION--Changsha, March 31 (XINHUA)--Central China's Hunan Province has decided to help build 400,000 marsh gas pits for rural areas this year with state investment and loans totalling 18 million yuan, according to a provincial government release. The new pits will be twice as many as those already in operation. The development of marsh gas is part of the province's programme to solve its energy problem, especially in the rural areas. One of the leading provinces in marsh gas production, Hunan now uses it in the countryside for domestic cooking, lighting, power generation as well as a source of field lighting for killing plant insects.
[Text] [Beijing XINHUA in English 0720 GMT 31 Mar 80 OW]

GUANGDONG OIL PIPELINE--Guangzhou, 26 Mar--A new 115-kilometer-long oil pipeline has started service between the port city of Zhanjiang and Maoming, an oil refining centre in south China. It is designed to move 10 million tons at the peak level during a year. The Zhanjiang-Maoming pipeline can be used to transport crude oils with heavy viscosity and wax or with heavy acidity and sulphur content. [Text] [Beijing XINHUA in English 0751 GMT 26 Mar 80 OW]

CSO: 4020

MINERAL RESOURCES

BRIEFS

FUJIAN, SICHUAN MINERAL FINDS--Beijing, 22 Feb--Large deposits of pyrauxite, estimated at 6 million tons, have been found on the northern outskirts of Fuzhou City, Fujian Province. Among the mineral's industrial uses are the manufacture of molecular sieves and moulds for making artificial diamonds. It can also be carved into art objects. Meanwhile, deposits of high-grade refractory clay, used in the iron and steel industry, have been found in Zizhong County, Sichuan Province. Reserves are estimated at one million tons. [Text] [Beijing XINHUA in English 0743 GMT 22 Feb 80 OW]

SICHUAN MINERAL BED FIND--Chengdu, 29 Feb--A large mineral bed containing silver, copper, aluminium and zinc was found recently in the volcanic rock area in the western part of Sichuan Province. The high quality ore reserves are concentrated in an area with unusual geological conditions. There are rich reserves of silver, copper, aluminium, zinc, sulphur and barite as well as gold. [Text] [Beijing XINHUA in English 0708 GMT 29 Feb 80 OW]

CSO: 4020

HEAVY INDUSTRY

'GONGREN RIBAO' REPORTS ON PRESENT MACHINE BUILDING INDUSTRY

Beijing GONGREN RIBAO in Chinese 8 Feb 80 pp 1, 3

[Interview with Zhou Zijian, Minister of First Ministry of Machinery by GONGREN RIBAO correspondent: "Problems Deserving Attention in Planned Regulation and Market Regulation"]

[Text] The machine building industry has done a lot of work with the combination of planned regulation and market regulation, and gained certain achievements and experiences. Recently, our correspondent had a special interview with Minister Zhou Zijian of the First Ministry of Machine Building who answered the questions raised by the correspondent as follows:

Question: In practicing the policy of combining planned regulation with market regulation, the machine building industry has had quite a success. Can you tell me about your experiences in this respect?

Answer: "Combination of planned regulation and market regulation, with planned regulation as the main factor and at the same time taking full account of the role of market regulation." This policy is entirely correct. Judging from the situation of the machine building industry, we can see that because of certain loopholes in the present system of planning and material control, and in meeting the needs of production itself, market regulation has been in existence and played its role for a long time. In the past, the processing of materials supplied by outside units and the tasks not included in our plans, but completed by us just the same, generally accounted for 10-20 percent of the total output value. Last year, because of the curtailment of capital construction, there has not been enough work for the machine building industry in production. Also, since the current plans could not promptly and accurately reflect on the requirements, the enterprises were forced to adopt the method of directly linking supply with demand. This is the method of market regulation, used to supplement the planned regulation. Practice has proved it to be effective and practical. Last year, the work which the affiliated units of the First Ministry of Machine Building were contracted to do through market regulation amounted to more than 20 percent.

What should deserve even more attention is that because of market regulation, the machine building industry, instead of mainly serving heavy industry and capital construction, has changed to serving agriculture, light industry and textile industry, and to help old enterprises tap potentials, and to conduct renovation and transformation. At the same time, because of the system of allowing the consumers to make their own choice, they will not place their orders with us if they find the quality of our products unsatisfactory, the prices too high, or the products unsuitable for their use. This would induce the enterprises to work harder in improving their management. This way is much more effective than were the former purely administrative methods.

After all, the combination of planned regulation and market regulation has already played an active role in promoting the production of machine building industry. We anticipate an even greater role hereafter.

Question: Will the greater use of market regulation adversely affect planned regulation?

Answer: Judging from the vast majority of our enterprises, we can see that the present market regulation has helped solve the problem of supply and demand through our work contracted in the market. The essence of this arrangement is to determine production according to consumption. The contracted work by various enterprises, after being balanced by the departments in charge, is incorporated into state planning so that such planning could have a more scientific basis. Therefore, far from adversely affecting planned regulation, market regulation can only supplement it.

At present, because the formulation of state plans is rather late, the electric power equipment for some key projects cannot be received in time. In this circumstance, the majority of enterprises will reserve part of the materials and processing capacity for the key projects. When the enterprises take the order of consumers for some products which may even be in great demand, they cannot be too rigid with the delivery date, because key state projects still enjoy higher priority. Thus, market regulation cannot adversely affect planned regulation.

Question: Is the combination of planned regulation and market regulation just a temporary expedient?

Answer: The purpose of the machine building industry is to serve all departments of the national economy. According to our experiences in the past several decades, we must think of the consumers. If we want to do our job well, we have to produce suitable articles that are of good quality and low prices for our consumers. Therefore, all departments in charge of the machine building industry at all levels and the enterprises must fully understand social needs, which include the needs for production as well as the needs for people's livelihood, and then plan, arrange and adjust their production according to these two needs. Otherwise, there will be very excessive overstocking which will mean not only wastes of state materials

but also failure to manage the enterprises according to objective economic laws. Thus, in the machine building industry, the combination of planned regulation and market regulation is in accordance with the objective laws and should never be any temporary expedient.

Question: Is there any important problem with the present use of market regulation?

Answer: There are several problems which deserve attention:

First, some localities, for the sake of protecting the production of their own enterprises, restrict the placing of orders by the local consumers with other localities. This practice is disadvantageous to overall planning, to specialized coordination, or to the expansion of the machine building industry. We should proceed from the overall situation and utilize market regulation to promote the reorganization of this industry according to the principle of specialized coordination. We cannot close our doors to protect backwardness; instead, we should, through market regulation, encourage those enterprises whose products are poor in quality, high in prices and with limited varieties and poor sales, to catch up with the others.

Secondly, some enterprises compete with one another in stocking up goods in great demand, such as electric fans, refrigerators and so forth. This situation should also deserve our attention. In one province, there are scores of plants producing electric fans, so their sales must be poor, their production costs high, and quality of products doubtful. Above all, their products may not be really suitable for the society. Departments in charge should carefully investigate this and provide the correct guidance so as to avoid another readjustment in future.

Thirdly, because of competitions, some enterprises practice "technology blockades." Since ours is a socialist country, all advanced technology should be popularized. We should help each other forward so that we all can advance together. Yet we should not buy blueprints indiscriminately and produce blindly, because this would be unfavorable to unified planning. To encourage the study and utilization of special technology, we should also consider the system of paying for its use.

Fourthly, in pushing sales, some enterprises resort to the methods of giving parties and sending gifts. This is an unhealthy tendency. Leadership at all levels should strengthen ideological and political work in order to correct it in good time.

The combination of planned regulation and market regulation is an important measure for reforming the present system of planning and distribution, and new problems will be inevitable in the course of practice. Departments in charge at all levels should strengthen their leadership, conduct careful study and investigations, continually sum up their experiences, and give fuller play to this measure in realizing the four modernizations.

9411

CSO: 4006

BRIEFS

GUANGXI ROLLED STEEL--By the end of February 1980, the people in Guangxi overfulfilled the output of rolled steel a month ahead of schedule by 3.9 percent for the first quarter of this year. This was an increase of 94 percent over the corresponding period of 1979. In February, the rolled steel workers in the region had overfulfilled the output plans by 50 percent over the corresponding period of 1979. [Nanning Guangxi Regional Service in Mandarin 1130 GMT 13 Mar 80 HK]

JIANGSU METALLURGICAL MEETING--The Provincial Metallurgical Work Conference held in Nanjing has ended. The conference called for greater efforts to improve metallurgical technology and industrial management in order to raise the industry's economic results and to provide more low-cost and quality products needed in agriculture, light industry, building construction and military industry. Last year, the industry registered a 38.2 percent increase in profits by implementing the policy of readjustment. Wang Bingshi, standing committee member of the Provincial CCP Committee and vice governor, attended and spoke at the conference. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 17 Mar 80 OW]

POLLUTION FINES--Wuhan, 17 Mar--A nonferrous metals company at Daye near the Yangtze River was recently fined 2 million yuan by the local government for causing serious pollution to the environment. Early in 1978, the Hubei provincial government asked it to install equipment within a given time to control the pollution it caused. Although it has reduced its air pollution in the past year, the company has done nothing to deal with its waste water and slag and has kept on discharging them into the adjoining lake. In line with the national environmental protection law, the environmental protection bureau in Huangshi City has notified the company of the fine. The bureau has also asked the company and 27 other enterprises to pay costs entailed by the pollution, beginning in January this year. [Text] [OW171419 Beijing XINHUA in English 0826 GMT 17 Mar 80 OW]

JIANGXI PREFECTURE CHEMICAL FERTILIZER--For the first time, the chemical fertilizer industry in Fuzhou Prefecture remained operational in the beginning of the year. The industry formerly did not take part in production in the early period of the year. In January 1980 the industry produced 8,364 tons of chemical fertilizer, accounting for 18.2 percent of the year's plans. Previously, production of chemical fertilizer in this prefecture did not begin until the second quarter of the year. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 21 Feb 80 HK]

LIGHT INDUSTRY

BRIEFS

SHANGHAI 'ALL-IN-ONE BRICK'--A kind of "all-in-one brick," which uses industrial waste as raw material, has been successfully developed in Shanghai, adding a new way of utilizing the daily output of 3,000 dun of industrial garbage in Shanghai. Departments concerned in Shanghai have decided to invest 800,000 yuan to build a plant to process the industrial garbage into bricks. It is expected that the plant, after its completion before the end of the year, can process 300 dun of industrial waste and produce 50,000 bricks each day. [Shanghai City Service in Mandarin 1130 GMT 21 Mar 80 OW]

SHANDONG LIGHT INDUSTRY--County-run light industrial enterprises of the first category in Shandong have developed in the course of readjustment. There are 573 such enterprises in the province, whose total output value reached 1.95 billion yuan last year, amounting to 59.4 percent of the total for enterprises of the first category in the whole province. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 8 Mar 80 SK]

HUNAN CHEMICAL FERTILIZER--In January and February 1980, the people in Hunan produced 700,000 tons of chemical fertilizer. This was an increase of 250,000 tons over the corresponding period of 1979 and an increase of 54 percent. In particular, the output of urea increased by 4 times over the corresponding period of 1978. According to statistics, in January 1980 coal and electricity consumption in the small nitrogenous fertilizer works throughout Hunan was reduced by 10 percent over the corresponding period of last year, earning a profit of 3 million yuan. This was an increase of 980,000 yuan over the total profits of the whole of last year. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 10 Mar 80 HK]

BRISTLE BRUSH FAIR--Shanghai, 17 Mar--Transactions at China's first bristle brush fair, held here recently, were 85 percent greater in value than the original target figure. Bristle brush dealers from 14 countries and regions attended the fair. Chinese bristle brushes are now exported to 80 countries and regions. In addition to industrial and household brushes, brushes with beautifully carved designs have become good sellers. [Text] [Beijing XINHUA in English 0821 GMT 17 Mar 80 OW]

SPRING FASHIONS--Beijing, 8 Mar--Floral patterns and lighter colours will be the main fashion themes this spring, according to the Beijing No 2 Printing and Dyeing Mill. The city's commercial department and clothing factories have just ordered 1 million metres of the new prints after seeing samples from the mill. The Beijing printing and dyeing mill has anticipated a higher demand for attractive furnishings, because of the spurt in apartment-building, and it has designed curtain and upholstery material with patterns of potted landscapes, bamboo and orchids, and swans and wistaria. Over 80 percent of the mill's 200 new designs went into production in the second half of last year. Beijing's printing and dyeing industry began routine marketing studies one year ago, based on the changing tastes of the public and increasing purchasing power. The mills keep samples of fashion materials from different cities and twice a year submit new designs for commercial departments to choose from. Beijing's textile industry is working to improve the variety and quality of chemical fibres used in making clothes. It has already achieved success with a number of polyester mixtures. [Beijing XINHUA in English 0709 GMT 8 Mar 80 OW]

CSO: 4020

DOMESTIC TRADE

BRIEFS

BEIJING TRADE FAIR--Beijing, 2 Apr--A trade fair of products for civil use sponsored by the Fifth Machine Building Industry Ministry opened in Beijing on 1 April. The fair exhibited over 800 different products, including light motorcycles, electric fans, cameras, sewing machines, shotguns and extinguishers. The products were all produced by enterprises under the ministry after the production task of military industry was fulfilled. The output value of the ministry's products for civil use in 1979 totaled 750 million yuan. [Beijing XINHUA Domestic Service in Chinese 1252 GMT 2 Apr 80 OW]

TIANJIN COMMODITY FAIR--The Tianjin municipal 1980 spring commodity fair opened on 8 March. On display were a total of some 7,490 products of six categories: 1) knitwear and daily necessities; 2) hardware and chemical products; 3) drugs and medical devices; 4) confectionery and nonstaple foods; 5) local and native products and recycled materials and 6) products of the second light industrial department and the second machine-building department. [SK190434 Tianjin City Service in Mandarin 1330 GMT 8 Mar 80 SK] The 1980 spring commodity fair of Tianjin Municipality closed on 18 March. Some 5,500 representatives from various units across the country attended this fair. Total transactions concluded at the fair amounted to nearly 400 million yuan. [Tianjin City Service in Mandarin 1130 GMT 18 Mar 80 SK]

MISCELLANEOUS MINOR PRODUCTS--Beijing, 25 Feb--According to statistics compiled by the All-China Federation of Supply and Marketing Cooperatives, departments concerned in Heilongjiang, Zhejiang, Sichuan, Shanxi, Fujian, Hunan and Nei Monggol procured miscellaneous minor products from the masses last year with a total value of 1.19 billion yuan, an 11.26-percent increase over the previous year. The miscellaneous minor products include animal hides, oil from wild plants and other raw materials for industrial use. [Beijing XINHUA Domestic Service in Chinese 0112 GMT 25 Feb 80 OW]

CSO: 4006

TRANSPORTATION

BRIEFS

SHANDONG RAILROAD CONSTRUCTION--Jinan, 19 Mar--Building of a double track has begun along the 393-kilometer railway linking Jinan, capital of Shandong Province, and the port city of Qingdao. This project aims at meeting the ever growing demand for transport by the Shengli oilfield, one of China's biggest, and by other industrial and mining centres along the railway, which was built between 1899 and 1904. This is one of the key projects planned for China's railway construction in 1980. [Text] [Beijing XINHUA in English 0726 GMT 19 Mar 80 OW]

DAMAGED FREIGHTER RETURNS--Shanghai, 19 Mar--The Chinese freighter "Guangshui," which collided with a Spanish tanker in the Marmara Sea off Turkey last December, returned to port here yesterday. The ship's crew were given a warm welcome by officials from the Ministry of Communications, the China National Ocean Shipping Corporation and other departments. Sea water poured into two of the cabins after the freighter, loaded with calcium carbide and other goods, had the accident on the night of 21 December 1979. However, the 51 crew members saved the damaged ship in spite of the risk of an explosion as a result of the calcium carbides it carried having been soaked in water. [Text] [OW191139 Beijing XINHUA in English 0824 GMT 19 Mar 80 OW]

CSO: 4020

END

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